

VZCZCXYZ0005  
OO RUEHWEB

DE RUEHAN #0177 0531307  
ZNR UUUUU ZZH  
O 221307Z FEB 06  
FM AMEMBASSY ANTANANARIVO  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 2329  
INFO RUEHFR/AMEMBASSY PARIS 0597  
RUEHPL/AMEMBASSY PORT LOUIS 0148  
RUCPDO/DEPT OF COMMERCE WASHDC

UNCLAS ANTANANARIVO 000177

SIPDIS

SENSITIVE

SIPDIS

PARIS FOR D'ELIA  
DEPT FOR AF/E MBEYZEROV  
DEPT FOR EB/TRA AND EB/CBA

E.O. 12958: N/A

TAGS: [EAIR](#) [BEXP](#) [ECON](#) [EFIN](#) [PREL](#) [MA](#)

SUBJECT: Air Mad Privatization Delayed, Boeing Interest

Ref: 05 Port Louis 744

¶1. (SBU) Air Madagascar Commercial Senior Vice President Andriamialisoa told EconOff February 14 that Air Madagascar, the national airline, would continue to be managed by Lufthansa Consulting for an additional two years. He confirmed a once-planned privatization date of May 2006 had been cancelled by the GOM in favor of keeping the Lufthansa team in place. Andriamialisoa, a 30-year veteran with the airline, noted with pride the turnaround in recent years leading to profits in 2004 and 2005, but declined to further comment on the privatization. Media reports indicate the GOM has pulled the tender offer for Air Madagascar while it considers other options.

¶2. (SBU) Turning to aircraft acquisition, Andriamialisoa confirmed that a consortium of Indian Ocean carriers -- Air Madagascar, Air Seychelles, and Air Mauritius -- was in talks to improve their negotiating position with suppliers (reftel). He said Air Mad and Air Seychelles had "Boeing cultures," and thus were inclined to buy from the American producer. Air Mauritius, however, had a "mixed culture of Boeing and Airbus," so it was less certain which direction they might go. Andriamialisoa noted Air Mad needed only one new long-haul aircraft in the medium term.

¶3. (SBU) EconOff asked if Air Madagascar management needed further information or assistance in contacting Boeing. Andriamialisoa was grateful for the offer, but noted the next move was up to Air Mauritius.

¶4. (U) Background: Air Madagascar has been operated by Lufthansa Consulting under a management contract since September 2002. The GOM owns 89.58 percent of the airline, with 4.78 percent owned by French firm Socit Nationale de Participation (SONAPAR), 3.48 percent by Air France, 1.91 percent by the Malagasy firm Assurance Ny Havana, and 0.25 percent by Air Mad staff and other private investors.

MCGEE